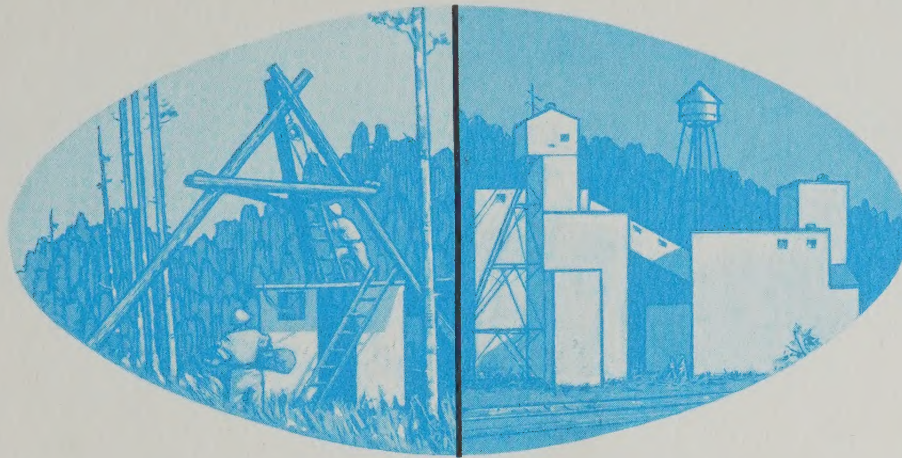


AR23

5th ANNUAL REPORT

for the year ended December 31, 1966



MACASSA GOLD MINES LIMITED

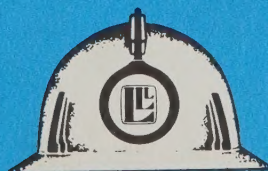
Ditto!

including a copy of the Annual Report of

RENABIE MINES LIMITED

and

MILTON QUARRIES LIMITED



ASSOCIATE LITTLE LONG LAC GOLD MINES LIMITED



This symbol has been selected to represent Canada's Centennial of Confederation in 1967—literally Canada's National 100th birthday symbol. This is an ingenious design of eleven equilateral triangles arranged together into a symbolic Maple Leaf, representing the ten provinces and the Canadian Northern Territories.

MACASSA GOLD MINES LIMITED

DIRECTORS AND OFFICERS:

JOHN D. BRYCE, *President and Director*
TORONTO, ONTARIO.

R. C. STANLEY, JR., *Vice-President and Director*
NEW YORK, N.Y.

JOHN C. L. ALLEN, *Director*
Toronto, Ontario.

P. A. ALLEN, *Director*
Toronto, Ontario.

THEODORE D. CARLSON, *Director*
New York, N.Y.

P. K. HANLEY, *Director*
Toronto, Ontario.

C. C. HUSTON, *Director*
Toronto, Ontario.

B. A. ARGO, *Secretary-Treasurer*
TORONTO, ONTARIO.

D. M. LORIMER, *Comptroller,*
TORONTO, ONTARIO.

MALCOLM R. MACPHERSON, *Mine Manager*
KIRKLAND LAKE, ONTARIO.


TRANSFER AGENT AND REGISTRAR:

NATIONAL TRUST COMPANY, LIMITED,
TORONTO, ONTARIO.

AUDITORS: GUNN, ROBERTS AND CO.,
TORONTO, ONTARIO.

ANNUAL MEETING:

April 24th, 1967, 11:30 A.M., Toronto Time
Boardroom, Suite 400, 112 King Street West, Toronto.



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PRESIDENT'S REPORT

To the Shareholders,
MACASSA GOLD MINES LIMITED:

Your directors submit herewith the Sixth Annual Report of your Company, which includes the following:

- 1 — Financial Statement of Macassa Gold Mines Limited for the year ended December 31st, 1966, with the auditors' report thereon dated February 3rd, 1967.
- 2 — Report dated February 7th, 1967, of Mr. M. R. MacPherson, manager of the Company's gold mine at Kirkland Lake, on operations of the mine for the year 1966.
- 3 — Since your Company continues to hold a majority of the issued shares of both Renabie Mines Limited and Milton Quarries Limited, the Annual Reports of both those companies for the year 1966 are included.

You will note from the Statement of Income and Retained Earnings that the Company's net profit was \$429,754. (14¢ per share), as compared to \$780,649. the previous year. This drop in income was due to three factors: the lower grade of ore treated (approximately \$1.00 per ton); secondly, the increased costs, part of which was caused by the inclusion of the write-off of the shaft deepening program which increased development costs \$154,000.00 over 1965; thirdly, the loss of income received from the agreement entered into between your Company and The Teck Corporation in 1965, which gave us additional income in 1965 of \$217,091.

During 1966, ore reserves dropped due to the concentration of development work in connection with the shaft deepening program.

The operation, in common with all Canadian mining industry, continues to suffer from the shortage of skilled and unskilled labor and the ever-increasing pressure on wages.

OUTSIDE EXPLORATION

Nothing has been done with regard to the Limerick nickel deposit.

In December, your Company through its wholly-owned subsidiary, Logjam Silver Mines Limited, entered into an agreement with Yellowknife Bear Mines Limited to jointly drill the Glencona option in Murphy Township, north of Timmins, where several anomalies have been indicated.

We are glad to take this opportunity of expressing our appreciation for the way in which Mr. MacPherson, his staff, and employees conducted the operation during the past year.

On behalf of the Board,

JOHN D. BRYCE,

President.

March 30, 1967.

MACASSA GOLD

(Incorporated under the laws of the Province of Ontario)

Balance Sheet

ASSETS

		1965 for Comparison
CURRENT ASSETS		
Cash	\$ 31,965	\$ 34,767
Short term deposits	945,000	1,503,000
Bullion at net realizable value	195,271	225,930
Marketable securities at cost (quoted market value, 1966 \$824,800; 1965 \$901,326)	618,787	614,838
Accounts receivable	8,602	13,045
Amount receivable under the Emergency Gold Mining Assistance Act	89,074	18,680
Prepaid expenses	14,228	22,390
Supplies at average cost	204,018	218,455
	<u>2,106,945</u>	<u>2,651,105</u>
INTEREST IN OTHER COMPANIES (note 2)	2,627,382	2,299,225
	<u>2,627,382</u>	<u>2,299,225</u>
FIXED ASSETS at cost		
Buildings, machinery and equipment (note 3)	486,103	460,880
Less accumulated depreciation	147,087	109,059
	<u>339,016</u>	<u>351,821</u>
Mining properties, Kirkland Lake Area, Ontario	1,631,852	1,631,852
Gravel pit property — County of Halton, Ontario	150,300	150,300
	<u>2,121,168</u>	<u>2,133,973</u>
OTHER ASSETS	102,691	125,931
	<u>102,691</u>	<u>125,931</u>
	<u>\$6,958,186</u>	<u>\$7,210,234</u>

MINES LIMITED

(Incorporated under the laws of Ontario)

December 31, 1966

LIABILITIES

CURRENT LIABILITIES		1965 for Comparison
Accounts payable and accrued liabilities	\$ 193,312	\$ 244,073
Taxes payable	3,940	26,248
	<u>197,252</u>	<u>270,321</u>

SHAREHOLDERS' EQUITY

Capital stock

Authorized — 4,000,000 shares of \$1 each

Issued — 3,043,664 11/15 shares 3,043,665 3,043,665

Contributed surplus 1,566,812 1,566,812

Retained earnings 2,150,457 2,329,436

6,760,934 6,939,913

Approved on behalf of the Board:

JOHN D. BRYCE, Director.

R. C. STANLEY, Jr., Director.

\$6,958,186 \$7,210,234

MACASSA GOLD MINES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Macassa Gold Mines Limited as at December 31, 1966 and the statements of income and retained earnings, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the aforementioned financial statements present fairly the financial position of the company as at December 31, 1966 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GUNN, ROBERTS AND CO.

Chartered Accountants.

Toronto, Canada,
February 3, 1967.

MACASSA GOLD MINES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

Year ended December 31, 1966

		1965 for Comparison
OPERATING REVENUE		
Bullion recovery	\$2,062,733	\$2,192,785
Assistance under the Emergency Gold Mining Assistance Act (note 7)	300,000	168,000
Rental of mine and mill assets	2,354	217,091
	<u>2,365,087</u>	<u>2,577,876</u>
OPERATING EXPENSES		
Mine development	387,261	233,902
Mining	1,040,958	980,866
Milling	332,616	310,904
Marketing expenses	15,659	16,209
Mine office and supervision	60,038	52,274
General expenses at the property	237,738	177,663
Administrative and corporate expenses	92,703	102,551
Ontario mining tax	3,200	27,000
	<u>2,170,173</u>	<u>1,901,369</u>
Operating profit, before providing for depreciation	194,914	676,507
DEDUCT		
Depreciation	38,028	39,100
Outside exploration, net	10,087	266,331
	<u>48,115</u>	<u>305,431</u>
	146,799	371,076
OTHER INCOME		
Dividends from Renabie Mines Limited	160,001	160,001
Income from investments	119,634	195,724
Gain on investments sold	9,263	6,866
Bicroft Division, net (sale of fixed assets and supplies less shut down expenses)	(6,246)	41,744
Income on lease of gravel pit	303	5,238
	<u>282,955</u>	<u>409,573</u>
Net income for the year (notes 4 and 5)	429,754	780,649
Retained earnings at beginning of year	2,329,436	2,157,520
	<u>2,759,190</u>	<u>2,938,169</u>
Deduct dividends paid	608,733	608,733
Retained earnings at end of year	<u>\$2,150,457</u>	<u>\$2,329,436</u>

MACASSA GOLD MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1966

SOURCE OF FUNDS		1965 for Comparison
Net income for the year	\$ 429,754	\$ 780,649
Add back depreciation and other items not involving cash outlay	53,076	61,383
	<u>482,830</u>	<u>842,032</u>
Deduct mortgages received on sale of Bicroft Division fixed assets		57,795
	<u>482,830</u>	<u>784,237</u>
Proceeds of sale of Bicroft Division supplies		6,185
Sale of shares in associated companies less gain included in net income	6,552	35,760
Payment from subsidiary company re loan		25,000
Other items, net	21,247	
	<u>510,629</u>	<u>851,182</u>
APPLICATION OF FUNDS		
Purchase of machinery and equipment	25,223	134,989
Dividends paid	608,733	608,733
Investment in subsidiary companies	329,268	38,000
Special refundable tax	18,496	
Other items, net		19,003
	<u>981,720</u>	<u>800,725</u>
(Decrease) increase in working capital	(471,091)	50,457
Working capital at beginning of year	2,380,784	2,330,327
Working capital at end of year	<u>\$1,909,693</u>	<u>\$2,380,784</u>

MACASSA GOLD MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1966

1. The financial statements of two of the subsidiary companies, Renabie Mines Limited and Milton Quarries Limited, have not been consolidated with those of the parent company as it is considered more informative to present separate financial statements of these companies.

The financial statements of the other subsidiary companies, Jerd Petroleums Limited and Logjam Silver Mines Limited, have not been consolidated with those of the parent company because their assets and liabilities are not material in relation to those of the parent company.

The company's proportion of the aggregate profits less losses of Renabie Mines Limited and Milton Quarries Limited for 1966 amount to \$92,901 and its proportion of the aggregate undistributed profits earned since acquisition of their shares amounts to \$528,224, no part of which has been taken into the financial statements of the parent company.

All of the expenditures of Jerd Petroleums Limited have been deferred and its accounts show neither profit nor loss from its incorporation to December 31, 1966. All of the expenditures of Logjam Silver Mines Limited have been written off to deficit and have been fully provided for in the accounts of Macassa.

2. Interest in Other Companies

Subsidiary Companies		1965 for Comparison	
Shares at cost or nominal value			
Renabie Mines	370,005	370,005	
Milton Quarries	411,249	411,249	
Jerd Petroleums	329,307	304,307	
Logjam Silver Mines	1	1	
	1,110,562	1,085,562	
Advances	802,268	498,000	
	1,912,830	1,583,562	
Associated Companies			
Shares at cost (quoted market value 1966 \$61,000; 1965 \$125,600)	92,085	98,637	
Debentures at cost	450,000	450,000	
Advances	161,056	161,056	
	703,141	709,693	
Other Companies			
Shares at cost	11,411	5,970	
	\$2,627,382	\$2,299,225	

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 1966

3. Buildings, machinery and equipment represent only those of the Macassa Division located at Kirkland Lake, Ontario. Those of the Bicroft Division were written off in prior periods. Proceeds from subsequent sales of these are reflected in the statement of income.
4. Remuneration of directors, as such, was \$8,400 from Macassa Gold Mines Limited and \$7,200 from Renabie Mines Limited.
5. No provision for income taxes is required for 1966 as the company intends to claim against the taxable portion of its income a portion of preproduction expenditures written off in prior periods.
6. For comparative purposes, certain 1965 items have been reclassified on the same basis as is used for statement presentation for 1966.
7. Revenue in 1965 under the Emergency Gold Mining Assistance Act was reduced by \$52,000 relating to an amendment of the amount claimed in 1964.

MINE MANAGER'S REPORT

Mr. John D. Bryce, President
and Directors,
Macassa Gold Mines Limited,
Suite 400,
112 King Street West,
Toronto 1, Ontario.

Kirkland Lake, Ontario,
February 7, 1967.

Gentlemen:

For your consideration, this report on operations at the mine, for the year ended December 31st, 1966, is submitted. Comparative figures are included.

PRODUCTION:

	1966	1965	1964
Gross	\$2,062,733.09	\$2,192,785.13	\$2,402,229.52
Tons Milled	130,133	129,536	141,408
Recovery per Ton	\$15.85	\$16.93	\$16.99
Tons Milled Tegen	776	7,255	—

In Canadian funds, average prices per Troy ounce gold and silver were \$37.72 and \$1.39. Prices were the same in 1965.

Estimated assistance under the Gold Mining Assistance Act is \$300,000.

MILLING:

In the plant, 130,909 tons were milled, which included 776 tons for Tegen Mines. This gave a calendar day average of 358.7 tons. Total recovery was 93.2%.

For 1965, these figures were 374.8 tons and 93.8%.

Bullion recovery, Macassa, comprised 54,328.38 Troy ounces of gold and 9,613.30 Troy ounces of silver.

Since 1933 when milling started 4,075,901 tons of ore have been milled from which 1,708,045.39 ounces of gold and 273,562.65 ounces of silver have been extracted. Excluding cost aid, value amounts to \$61,886,190.25 and is equal to \$15.18 per ton.

It was found that the Macassa Tailings were useful in keeping material in suspension in mill tanks at the lake tailings recovery of Lake Shore Mines. Tailings will be turned into their plant during the open season and some income from this source is expected during 1967.

DEVELOPMENT:

The major development completed was the deepening of the No. 2 Winze, a total of 574'. This was done by outside contract. Four new levels were established at the 6300, 6450, 6575 and 6725 horizons. Below here a loading pocket was constructed, with a station cut at 6875 and a sump. At year's end the sinking was completed. The installation of pumps, spill pocket, station timbering and signals was being completed by Macassa personnel.

MACASSA GOLD
MINES LIMITED

Development work on the east side of the mine was completed, and at the west end of the 6125' Level a shear zone north of the '04 Break was developed. This returned 260 feet of 0.43 oz./ton ore over drift width in three ore shoots. The development is noteworthy as it is the first shear found to the north of the '04 Break. The dip of the structure indicates it should extend east at lower depths and give a greater strike length.

For 1966 a total of 615 lineal feet of new ore grading 0.43 ounces per ton over an average width of 7.5 feet was developed in drifting.

DEVELOPMENT SUMMARY:

Year	Sinking	Sinking Equivalent	Drifting	Crosscutting	Raising	Diamond Drilling
1966 -----	574'	172.5'	3,035.5'	1,651.5'	1,224.5'	14,588'
1965 -----	—	—	4,701.5'	733.5'	1,363'	14,155'
1964 -----	—	—	8,317'	3,378'	2,095.5'	14,129'
Mine to date --	11,863'	1,461'	191,692'	58,935.5'	38,300'	473,120'

ORE RESERVES:

Based on sampling from development faces, diamond drilling and extension of known veins from stoping operations, the calculated ore reserves as of December 31st, 1966 are

	Tons	Ounces of Gold per Ton	Value at \$35.00 per Troy Oz.
Unbroken -----	579,600	0.43	\$15.16
Broken -----	27,084	0.37	12.88
Total Reserve -----	606,684	0.43	\$15.09

NOTE:

Dilution factor of 10% applied to grade only.
Classed as inaccessible and not included in the above figures —
17,600 tons, grade 0.43 ozs./ton.

Change in position for the year

Unbroken Ore is down -----	96,700 tons
Broken Ore is down -----	2,888 tons
Total Reserve is down -----	99,588 tons

MINING:

The total break from all stoping operations was 118,475 tons of which 75% was obtained from filled and/or timbered stopes. During the period 38,802 tons of waste were placed as backfill.

WATER CONTROL:

Four pumps were placed and the pipefitting completed at the pump stations. There remains some pipefitting on suction lines from the dams, to be completed.

It is intended to place the motors this spring and to test the installation.

The water has risen above the Macassa 5450' Level in adjoining workings on the east boundary. It is, therefore above 10 levels of the mine. It will have to rise above the Macassa 4200' Level before pumping is necessary.

OPERATING COSTS:

	1966		1965	
	<u>Tons Milled</u>	<u>Ozs. Produced</u>	<u>Tons Milled</u>	<u>Ozs. Produced</u>
	130,133	54,328	129,536	59,120
	<u>Cost Per Ton</u>	<u>Cost Per Ounce</u>	<u>Cost Per Ton</u>	<u>Cost Per Ounce</u>
Development	\$ 3.353	\$ 8.031	\$ 2.014	\$ 4.413
Mining	9.018	21.601	8.406	18.418
Milling	2.915	6.982	2.655	5.816
Undistributed Mine Operating Expense	0.669	1.603	0.616	1.351
	<u>\$ 15.955</u>	<u>\$ 38.217</u>	<u>\$ 13.691</u>	<u>\$ 29.998</u>
Add:				
Depreciation	0.292	0.700	0.304	0.667
Ontario Mining Tax	0.025	0.059	0.209	0.457
Head Office Administration	0.745	1.785	0.760	1.665
	<u>\$ 17.017</u>	<u>\$ 40.761</u>	<u>\$ 14.964</u>	<u>\$ 32,787</u>

MAJOR OPERATING EXPENDITURES:

	1966	1965
Wages and Salaries	\$ 1,285,640.24	\$ 1,202,920.28
Supplies and Services	685,112.00	809,114.00
Power (Hydro)	111,548.17	116,956.34

CAPITAL EXPENDITURES:

The total spent on capital account for the year was \$25,222.67.

Major amounts in this account included \$10,465 for an accounting machine, coarse bowl for crusher \$5,885, rock drills and tugger \$3,120, pump installation \$2,556, underground power cable \$2,031 and one furnace installed in a dwelling \$806. The balance of the account was for tools and equipment in the shops.

ACKNOWLEDGEMENT:

The support of the President and Board of Directors, appreciation of the co-operation of the employees and the efficient work of the staff, is gratefully and sincerely acknowledged.

Respectfully submitted,

M. R. MacPHERSON, P.Eng.,
Mine Manager.

Twenty-Sixth Annual Report

RENABIE MINES LIMITED

Year Ended December 31, 1966

HEAD OFFICE:
Suite 400, 112 King Street West,
Toronto 1, Ontario.

MINE OFFICE:
Renabie, Ontario.

OFFICERS:

JOHN D. BRYCE, *President*
Toronto, Ontario.

R. C. STANLEY, JR., *Vice-President*
New York, N.Y.

B. A. ARGO, *Secretary-Treasurer*
Toronto, Ontario.

D. M. LORIMER, *Comptroller*
Toronto, Ontario.

DIRECTORS:

JOHN C. L. ALLEN	-	-	-	-	-	-	Toronto, Ontario
P. A. ALLEN	-	-	-	-	-	-	Toronto, Ontario
B. A. ARGO	-	-	-	-	-	-	Toronto, Ontario
J. D. BRYCE	-	-	-	-	-	-	Toronto, Ontario
P. K. HANLEY	-	-	-	-	-	-	Toronto, Ontario
C. C. HUSTON	-	-	-	-	-	-	Toronto, Ontario
ROBERT C. STANLEY, JR.	-	-	-	-	-	-	New York, N.Y.

W. A. MOORE, *Mine Manager*
Renabie, Ontario.

TRANSFER AGENT AND REGISTRAR:

EASTERN & CHARTERED TRUST COMPANY
Toronto, Ontario.

AUDITORS:

GUNN, ROBERTS AND CO.
Toronto, Ontario.

ANNUAL MEETING:

April 24th, 1967, 11:00 A.M., Toronto Time,
Boardroom, Suite 400, 112 King Street West, Toronto.

PRESIDENT'S REPORT

March 7, 1967.

To the Shareholders,
RENABIE MINES LIMITED.

We present herewith the Twenty-Sixth Annual Report of your company, for the year ended December 31st 1966, together with the accompanying financial statements and report of your auditors thereon.

During the period, the mill treated 162,580 tons of ore, slightly less than in 1965, from which was recovered bullion having a gross value of \$1,467,050, to which may be added the estimated amount receivable under the provisions of The Emergency Gold Mining Assistance Act of \$291,500, making the total income derived from the operation \$1,758,550, as compared to \$1,655,175 in 1965.

Operating costs were \$1,503,208, approximately \$80,000 above those in 1965. The company continues to suffer from an acute shortage of labor, with a resultant loss in over-all efficiency and lower tonnage treated, and higher unit cost per ton. The company is doing everything in its power to counteract this shortage, including the capital expenditure of \$65,630 in new housing. However, we still believe the only effective solution to this problem is for the Federal Government to ease its unrealistic restrictive immigration policies.

The cash flow from operations increased to \$344,268 from \$320,165 in 1965, and the net profit increased from \$151,826 to \$163,146 in 1966.

Ore reserves for the year were down approximately 10,000 tons from a year ago. No ore below the 2475 is included in these calculations as we are just now reaching the ore zone on the 2600 level with our lateral development.

Last fall, the cookery burned down and with the labor situation being what it is we thought this could be disastrous so far as our labor force was concerned. However, with the cooperation of all persons living in the community, this did not arise. Capital cost of our new cookery was \$87,120, of which approximately \$52,000 was made up from insurance claims.

Two dividends of ten cents each were paid during the year, amounting to \$210,000, which brings the total amount of dividends disbursed since commencement to \$1,163,009 (\$2.06 per share).

The report of your Mine Manager contains a review of the operations for the year, and we are glad to take this opportunity of expressing our appreciation for the excellent manner in which Mr. Moore and his staff have conducted their operations under such adverse circumstances.

On behalf of the Board,

JOHN D. BRYCE,
President.

MANAGER'S REPORT

February 8th, 1967.

Mr. John D. Bryce, President,
and Directors,
Renabie Mines Limited,
Toronto, Ontario.

Gentlemen:

I submit for your consideration a report on operations at Renabie Mines Limited, for the year ended December 31st, 1966:

Production: The following figures show the production for 1966 with comparable figures for 1965 and 1964:

	<u>1966</u>	<u>1965</u>	<u>1964</u>
Gross Recovery	\$1,467,050	\$1,430,817	\$1,222,728
Tons Milled	162,580	165,018	171,830
Recovery Per Ton	\$9.02	\$8.67	\$7.12

The average Mint Settlement value per ounce of gold was \$37.71, compared with \$37.75 in 1965. The average price received for silver was \$1.39 per ounce. Under the provisions of the Emergency Gold Mining Assistance Act, it is estimated that the Company is entitled to receive \$291,500 for the year, which is \$1,793 per ton milled, or \$7.594 per ounce recovered, compared to \$224,357 for 1965.

Milling: The average tons milled per day in 1966 was 445.4 compared to 452.1 in 1965. Bullion recovery comprised 38,387.39 ounces of gold, and 13,822.37 ounces of silver.

From the commencement of milling operations (July 1947) 3,151,665 tons of ore have been milled, from which has been recovered 658,428.48 ounces of gold and 208,251.03 ounces of silver, having a gross recovered value of \$23,973,793.22, equivalent to \$7.61 per ton milled, exclusive of cost-aid.

There were no changes in the mill circuit during the year. The recovery at 93.8% remained the same as in 1965. A. H. Ross & Associates have been engaged to improve the efficiency of the grinding circuit and it is hoped that in 1967 an improvement will be seen.

The overall milling cost increased to \$2.36 per ton from \$2.08.

The mill was without a Mill Superintendent for the last four months of the year. Difficulty was also experienced in training and keeping grinding operators on the job.

Development: The shaft deepening program was completed on June 27th, with the new loading pocket installed at the 3300 and the new pumping installation on the 3450 level.

Normally we would have started the ore and waste pass system from the 3300 loading pocket to the 2805 level, but due to a shortage of development miners this work was not done.

During the year, we developed and prepared for mining the ore on the 2475 level. The main crosscut on the 2625 level was driven to within diamond drilling distance of the ore.

The grade of ore on the 2475 level was not as good as on the 2325 level. A total of 101,000 tons was prepared for mining in 1966, compared to 222,000 tons in 1965.

The total ore reserves decreased slightly to 272,591 tons with a grade of 0.23 ounces per ton compared to 282,376 tons of 0.26 ounces per ton.

A second 3½ ton battery locomotive was purchased during the year, which helped to increase our tons per man shift mucked from 24.7 in 1965 to 27.6 in 1966. The explosive cost per ton of ore broken in the stopes improved from \$0.07 in 1965 to \$0.05 in 1966. The tons of ore broken in the stopes increased to 181,887 in 1966 from 166,448 in 1965. In an effort to reduce dilution in the stopes we placed 2037 rock bolts in 1966 compared to 1325 rock bolts in 1965.

The following figures compare development footage for 1966 and 1965:

	1966	1965	Total to Date
Drifting	1,505.0	3,042.5	42,755.2
Crosscutting	1,059.5	457.0	21,490.3
Raising	783.0	1,828.3	27,219.7
Shaft Sinking	208.5	441.0	3,906.0
Station Cutting (Shaft Equivalent) ..	258.1	205.6	2,356.6
Diamond Drilling	13,357.0	20,004.0	285,458.0

Ore Reserves: The technical position of ore reserves at the year end after allowing for dilution and without including any ore below the 2475 level was as follows:

	Tons	Ounces per Ton	Value \$35.00 Gold
Unbroken Ore	190,442	0.23	8.05
Broken Ore	82,149	0.24	8.40
TOTAL	272,591	0.23	\$ 8.05

Operating Costs: The operating and other costs per ton and per ounce of gold recovered were as follows:

	1966		1965	
	Tons Milled	Ozs. Recovered	Tons Milled	Ozs. Recovered
	162,580	38,387.39	165,018	37,421.44
	Per Ton	Per Ounce	Per Ton	Per Ounce
Development and Exploration	\$ 1.80	\$ 7.63	\$2.33	\$10.27
Mining	4.14	17.54	3.34	14.74
Milling	2.36	10.00	2.08	9.18
Undistributed Operating Charges including Administration and Head Office	1.01	4.28	.82	3.60
Operating Costs	\$ 9.31	\$39.45	\$8.57	\$37.79
Depreciation71	3.00	.60	2.62
Provision for taxes08	.31	.06	.27
	<u>\$10.10</u>	<u>\$42.76</u>	<u>\$9.23</u>	<u>\$40.68</u>

Capital Expenditures for 1966, amounted to \$261,044.00 and briefly summarized, were as follows:

Underground Equipment	\$58,566.00
New Houses	65,630.00
New Cookery	87,120.00
Miscellaneous	49,728.00

Labour: There were 490 hirings and 498 separations in 1966 compared to 405 hirings and 414 separations in 1965.

In 1966, we hired 314 men for underground, approximately 40% of whom had no previous experience. This represents a tremendous job of training for the 7 supervisors whose job it is to do this.

Excluding the staff, 23% of all underground men were over 50 years of age, and 48% of the men on surface, so we are not just hiring young men. We spent \$3,338.14 on newspaper advertisements for men in 1966 and advanced \$6,903.60 in rail fares to men who came from as far west as Winnipeg and as far east as St. Johns, Nfld.

General: On October 1st our Cookery burned down. We had to set up a temporary kitchen in the Recreation Club that same night, and operated there for 2½ months. It was due to the patience and understanding of the single men, the work and good will of the ladies of the townsite who did all the baking and roasts in their own kitchens, and the fortitude of the Cookery Staff, that we were able to keep operating at all. I should like to express my personal thanks to these people.

I am grateful to the Officers of the Company for their support during the past year. The cooperation of the Mine Staff and Employees is sincerely acknowledged.

Respectfully submitted,

RENABIE MINES LIMITED,

W. A. MOORE,
Manager.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Renabie Mines Limited as at December 31, 1966 and the statements of income and retained earnings, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the aforementioned financial statements present fairly the financial position of the company as at December 31, 1966 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GUNN, ROBERTS AND CO.,
Chartered Accountants.

Toronto, Canada,
February 16, 1967.

RENABIE M

(Incorporated under

Balance Sheet -

ASSETS

		1965 for Comparison
CURRENT ASSETS		
Cash	9,781	8,320
Bullion at net realizable value	104,580	135,209
Accounts receivable	81,804	6,126
Amount receivable under the Emergency Gold Mining Assistance Act	166,997	111,153
Prepaid expenses	11,939	19,223
Supplies at average cost	293,096	252,730
	<u>668,197</u>	<u>532,761</u>
INTEREST IN OTHER COMPANIES		
Loan to associated company	230,000	400,000
Shares in associated company at cost	60,263	60,263
	<u>290,263</u>	<u>460,263</u>
FIXED ASSETS at cost		
Buildings, machinery and equipment	3,165,957	2,974,940
Less accumulated depreciation	2,646,405	2,548,620
	<u>519,552</u>	<u>426,320</u>
Mining properties	77,112	77,112
	<u>596,664</u>	<u>503,432</u>
OTHER ASSETS AND DEFERRED CHARGES		
Interest in prospecting syndicate at cost		1,000
Shaft sinking and other operating expenditures deferred less amounts written off	182,891	139,002
Special refundable tax	11,920	
	<u>194,811</u>	<u>140,002</u>
	<u>\$1,749,935</u>	<u>\$1,636,458</u>

IES LIMITED

(Incorporated under the laws of Ontario)

December 31, 1966

LIABILITIES

1965
for
Comparison

CURRENT LIABILITIES

Accounts payable and accrued liabilities	181,492	171,223
Payable to parent and associated companies	163,560	12,167
Ontario mining tax	511	1,841
	<u>345,563</u>	<u>185,231</u>

SHAREHOLDERS' EQUITY

Capital stock

Authorized — 1,500,000 shares of \$1 each

Issued — 1,050,005 shares	1,050,005	1,050,005
Less discount on shares	620,455	620,455

429,550 429,550

Retained earnings	974,822	1,021,677
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1,404,372 1,451,227

Approved on behalf of the Board:

JOHN D. BRYCE, Director.

R. C. STANLEY, JR., Director.

\$1,749,935 \$1,636,458

STATEMENT OF INCOME AND RETAINED EARNINGS

Year ended December 31, 1966

		1965 for Comparison
OPERATING REVENUE		
Bullion recovery	1,467,050	1,430,817
Assistance under the Emergency Gold Mining Assistance Act	291,500	224,358
	<u>1,758,550</u>	<u>1,655,175</u>
OPERATING EXPENSES		
Mine development (note 2)	244,473	336,490
Mining	561,947	482,866
Milling	308,347	289,561
Marketing expenses	11,972	11,221
Mine office and supervision	95,317	80,324
General expenses at the property	238,208	182,206
Administrative and corporate expenses	42,444	37,505
Ontario mining tax	500	1,800
	<u>1,503,208</u>	<u>1,421,973</u>
Operating profit before depreciation	<u>255,342</u>	<u>233,202</u>
DEDUCT		
Depreciation	115,000	98,000
Outside exploration	900	240
	<u>115,900</u>	<u>98,240</u>
	139,442	134,962
Interest received, net	<u>23,704</u>	<u>16,864</u>
Net income for the year	163,146	151,826
Retained earnings at beginning of year	1,021,677	1,079,852
	1,184,823	1,231,678
Deduct dividends paid	210,001	210,001
Retained earnings at end of year	<u>\$ 974,822</u>	<u>\$1,021,677</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1966

SOURCE OF FUNDS		1965 for Comparison
Net income for the year	163,146	151,826
Add back depreciation and other items not involving cash outlay	181,122	168,339
Funds provided from operations	344,268	320,165
Reduction of loan to an associated company	170,000	
Disposal of fixed assets	52,811	
Other items, net	1,681	3,400
	<u>568,760</u>	<u>323,565</u>
APPLICATION OF FUNDS		
Shaft sinking expenditures deferred	110,691	130,243
Additions to fixed assets	261,044	128,036
Special refundable tax	11,920	
Dividends paid	210,001	210,001
	<u>593,656</u>	<u>468,280</u>
Decrease in working capital	24,896	144,715
Working capital at beginning of year	347,530	492,245
Working capital at end of year	<u>\$ 322,634</u>	<u>\$ 347,530</u>

NOTES TO FINANCIAL STATEMENTS

1. The remuneration of directors, as such, was \$7,200 in 1966 (\$7,200 in 1965).
2. Mine development expenses includes deferred shaft sinking expenditures written off of \$65,122 in 1966 (\$70,339 in 1965).
3. For comparative purposes, certain 1965 items have been reclassified on the same basis as is used for statement presentation for 1966.

MILTON QUARRIES LIMITED

Report

December 31st, 1966

HEAD OFFICE

Suite 400, 112 King St. West
Toronto, Ontario.

QUARRY OFFICE

Milton, Ontario.

DIRECTORS:

JOHN D. BRYCE, *President*
Toronto, Ontario.

P. A. ALLEN
Toronto, Ontario.

JOHN C. L. ALLEN, *Vice-President*
Toronto, Ontario.

P. K. HANLEY
Oakville, Ontario.

C. A. POYNTON
Milton, Ontario.

B. A. ARGO
Toronto, Ontario.

A. GEORGE WILSON, *Secretary-Treasurer*
Toronto, Ontario.

MILTON QUARRIES LIMITED

PRESIDENT'S REPORT

To the Shareholders,
MILTON QUARRIES LIMITED.

March 23, 1967.

We present herewith the report of this company for the year ended December 31st 1966, together with the accompanying Balance Sheet as of that date and the report of the auditors thereon.

Operations at the quarry proceeded throughout the year at approximately the same rate as in 1965.

Prices remained firm throughout the year. However, after provision for interest payments of \$51,413. and depreciation write offs of \$149,682, the result was a net loss of \$41,867.

During the year, we spent \$138,502. on capital account for additions and replacements to present plant and equipment.

Production costs were considerably higher than in 1965 due to the heavy maintenance and repair costs to our shovels and Euclids. This amount of approximately \$70,000. was charged to operating costs. With this work behind us, and our new additions which add greatly to the flexibility of the operation, we are looking forward to a much improved year in 1967.

We are pleased to take this opportunity of expressing our appreciation for the satisfactory manner in which the staff and employees of the company carried out their work during the past year.

On behalf of the Board,

JOHN D. BRYCE,
President.

MILTON QUARRIES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Milton Quarries Limited as at December 31, 1966 and the statements of income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the aforementioned financial statements present fairly the financial position of the company as at December 31, 1966 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GUNN, ROBERTS AND CO.,

Chartered Accountants.

Toronto, Canada,
March 17th, 1967.

MILTON QUARRIES LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet, December 31, 1966

ASSETS

CURRENT ASSETS		1965 for Comparison
Cash	\$ 57,729	\$ 122,904
Government of Canada bonds at cost (market value 1966 \$3,445; 1965 \$4,778)	5,541	5,541
Accounts receivable	299,486	227,878
Truckers' contract deposits (see contra)		6,352
Inventories of crushed stone and broken rock at estimated cost	85,435	58,112
Supplies at cost	29,109	23,446
Prepaid expenses	6,141	5,796
	<u>483,441</u>	<u>450,029</u>
FIXED ASSETS at cost		
Land	209,527	209,527
Buildings, plant and equipment	1,475,082	1,364,046
	<u>1,684,609</u>	<u>1,573,573</u>
Less accumulated depreciation and depletion	<u>1,070,816</u>	<u>940,500</u>
	<u>613,793</u>	<u>633,073</u>
DEFERRED CHARGES		
Drilling and stripping expenditures	19,981	12,600
Prepaid royalties	29,995	29,995
Special refundable tax	2,000	
	<u>51,976</u>	<u>42,595</u>
	<u>\$1,149,210</u>	<u>\$1,125,697</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 73,649	\$ 40,273
Truckers' contract deposits (see contra)		6,352
Note principal payments due within one year	10,529	
Accrued interest on loans	43,450	44,400
	<u>127,628</u>	<u>91,025</u>
Loans payable		
Macassa Gold Mines Limited (parent company)	640,000	460,000
Renabie Mines Limited (affiliated company)	230,000	400,000
	<u>997,628</u>	<u>951,025</u>
NOTES PAYABLE		
Payable in monthly instalments of \$1,000 principal and interest (6%); final payment due August 30, 1969	29,306	
Less principal payments included in current liabilities	<u>10,529</u>	
	<u>18,777</u>	
SHAREHOLDERS' EQUITY		
Capital stock		
Preference shares, 6%, non-cumulative redeemable at par		
Authorized — 9,000 shares of \$100 each		
Issued — 4,000 shares	400,000	400,000
Common shares		
Authorized — 100,000 shares of no par value		
Issued — 100,000 shares	15,005	15,005
	<u>415,005</u>	<u>415,005</u>
Deduct deficit	<u>282,200</u>	<u>240,333</u>
	<u>132,805</u>	<u>174,672</u>
Approved on behalf of the Board:	<u>\$1,149,210</u>	<u>\$1,125,697</u>

J. D. BRYCE, Director.

B. A. ARGO, Director.

MILTON QUARRIES LIMITED

STATEMENT OF INCOME

Year ended December 31, 1966

		1965 for Comparison
Income from operations before deducting depreciation	107,815	171,120
Deduct depreciation	149,682	130,292
(Loss) Net Income for the year	\$ (41,867)	\$ 40,828

NOTE: No provision for income taxes was required for 1965 as amounts previously written off were deducted from 1965 income for income tax purposes. Income taxes otherwise payable would have amounted to \$11,080.

STATEMENT OF DEFICIT

Year ended December 31, 1966

	Year ended December 31, 1966	1965 for Comparison
Deficit at beginning of year	240,333	278,757
ADD:		
Loss for 1966	41,867	
Organization expenses written off		2,404
	282,200	281,161
Deduct net income for 1965		40,828
Deficit at end of year	\$ 282,200	\$ 240,333

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1966

SOURCE OF FUNDS		1965 for Comparison
Depreciation not requiring cash outlay	149,682	130,292
Add net income for 1965		40,828
Deduct loss for 1966	41,867	
Funds provided from operations	107,815	171,120
Loans from parent company	210,000	
Notes payable for purchase of equipment	32,000	
Sale of fixed assets	8,100	17,441
Other items		3,544
	357,915	192,105
APPLICATION OF FUNDS		
Purchase of fixed assets	138,502	27,288
Payment on loans—parent company	30,000	25,000
—affiliated company	170,000	
Payments on note including \$10,529 due in 1967 transferred to current liabilities	13,223	
Other items	9,381	
	361,106	52,288
(Decrease) increase in working capital	(3,191)	139,817
Working capital at beginning of year	359,004	219,187
Working capital at end of year	\$ 355,813	\$ 359,004

Loans payable to parent and affiliated companies have not been considered as current liabilities in determining working capital.

